ABOUT THIS STUDY

As we have each year since 1966, our firm surveyed board chairmen of the nation's largest industrial and service parent companies as listed by *Fortune*. Of the 859 individuals invited to participate, we received 264 completed questionnaires, a 30.7 percent response rate.

Heidrick and Struggles is grateful to those board chairmen who took the time and effort necessary to make this study possible.

ABOUT THE AUTHOR

Gerard R. Roche is chairman of the board of Heidrick and Struggles, a position he has held since 1981. He joined the firm in 1964 and became its president and chief executive officer in 1978.

In his 26 years as an executive recruiter with Heidrick and Struggles, Mr. Roche has worked with over 100 corporate boards.

Mr. Roche is a past president of the Association of Executive Recruiting Consultants, a past chairman of the board of trustees of the University of Scranton, and a past member of the board of Catholic University of America.

Currently, Mr. Roche serves as a member of the Executive Board of the Wharton Graduate School, The Knights of Malta, and on the boards of directors of Covenant House in New York and the Morrison-Knudsen Corporation.

THE CONTINUING EVOLUTION

The Board of Directors -- Any preconceived stereotypes of board of directors are obsolete. Data from this and prior Heidrick and Struggles' surveys, as well as my own executive search experience, evidence a continuing evolution.

Historically, boards wrestled with defining the basic parameters of the board -- should there be a majority of outside or inside directors, how many people should sit on the board, how many full-board meetings should be held annually, what standing committees should be established, how is compensation determined, and so on. Recent data show activity in these areas to be stable, if not static.

As the evolution continues, subtle but substantive changes are occurring. While the basic personality qualities required of directors -- objectivity, intelligence, and honesty -- remain unchanged, more scrutiny is given to the unique contributions or specialized skills potential board members bring to the table. In today's context "the table" includes not only the organization but all constituencies who directly or indirectly influence the company: consumers, opinion leaders, and local community members.

As the 90s unfold, the true measure of a director's contributions will be how well he or she balances the needs of key constituencies with the challenge of guiding the corporation through a period of global economic change. Among the challenges to be faced are management succession and compensation. It promises to be an interesting and rewarding challenge for those in the boardroom.

Gerard R. Roche
Chairman of the Board
Heidrick and Struggles, Inc.

October 1990

EXECUTIVE SUMMARY

- The most important issues boards currently face include (a) strategic planning and long-term positioning (b) enhancing shareholder value and (c) management succession planning.

- *Objectivity, intelligence, and honesty* are the three most valuable characteristics chairmen of boards look for in directors.

- The percentage of white males on boards decreased 10 percent in one year, from 92 percent in 1988 to 82 percent in 1989.

- Major changes occurred in the awarding of perks: with the exception of stock options, there is a marked decrease in the percentage of companies offering matching gifts, travel allowances, and medical insurance to directors.

- In 1989 the total annual cash compensation paid to outside directors who attended all regular board meetings averaged $25,500, a 6.8 percent increase from 1988.

- Only 21 percent of those responding report an increase in D&O liability insurance premiums, compared to 79 percent who did so in 1986.

- Eighty-eight percent of chairmen indicate all directors on their board own stock in the company.

- According to 62 percent of responding board chairmen, the most important issue American companies will deal with during the next decade and beyond is *not* foreign competition, mergers, and acquisitions, but *building and keeping a qualified workforce.*

THE DIRECTORS OF THE BOARD

Composition constitutes part of the subtle evolution of the board. Increasingly, new talent is joining seasoned veterans at the table, bringing different experiences and fresh perspectives to organizational governance. For example, the percentage of white males on respondents' boards decreased 10 percent since 1988, while the numbers of women and minorities have increased [see Table 1, p. 9].

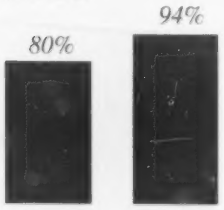
Board Members who are White Males

Though clearly not in the majority, more women and minorities hold senior roles in organizations and have a thorough understanding of the business environment, making them prime candidates for directorships.

Outside directors continue to dominate board representation. In 1989, 79 percent of the members of respondents' boards were outside directors.

As might be expected, most outside directors have senior management experience, making them logical candidates for directorships. While the experience of lawyers, commercial and investment bankers, and former government officials is of unquestionable value in today's business climate, boards have traditionally been cautious when evaluating such candidates for the board [see Table 2, p. 9]. Their knowledge, access to information, and relationships with others such as clients can be a sensitive issue. However, boards are more open to evaluating such candidates than in the past.

Boards with Outside Directors who are:



Only 14 percent of survey respondents indicate a foreign national serves on their board. The percentage is slightly higher for industrials -- 16 percent. As organizations attain their goals of truly being "global," this percentage may increase.

When looking for new directors, it is taken for granted that any candidates for a vacant seat will possess requisite experience and knowledge of business in general as well as the industry. The more difficult task is identifying qualified individuals with the desired personal characteristics. Survey respondents indicate objectivity, intelligence, and honesty are the three most valuable personality characteristics they look for in directors [see Table 3, p. 10].

Today's chairmen believe their directors are better informed and more responsible than the directors of five years ago.

Perhaps the emphasis on objectivity, intelligence, and honesty was a contributing factor in the formation of one of the opinions of 89 percent of the survey respondents. They believe directors on their board are better informed and more responsible than they were five years ago.

No doubt individual directors have taken on greater personal responsibility to function more effectively in their role as fiduciary. Some boards recognize the need for quick integration of new directors. One-fourth (24 percent) of our survey respondents say their companies have a formal orientation program for new outside board members.

Currently, a popular notion is that unless the management of a company owns stock, the individuals have no real stake -- or incentive -- to make the organization a success. Eighty-eight percent of the responding chairmen indicate all of the outside

Boards with All Outside Directors Owning Stock
88%

directors on their board own stock in the company [see Table 4, p. 10].

Interestingly, 38 percent of board chairmen state their outside directors receive stock plans. Of this group, 49 percent say their directors receive stock options; 25 percent indicate their board members receive restricted stock; and 21 percent note that directors receive fee retainers paid in stock.

CHALLENGES

Sixty-two percent of responding board chairmen agree the most important issue American companies will deal with during the next decade and beyond is not foreign competition, mergers, and acquisitions, but building and keeping a qualified workforce.

According to some companies, the task of building a qualified workforce starts long before an interview. Fifty-eight percent of survey participants say their organization has business-education partnerships to assist the school systems in their area.

62% of chairmen believe building and keeping a qualified workforce is the most important issue facing American companies.

While one cannot underestimate the value of monetary donations, respondents' companies go a step further. A majority encourage their employees to get involved in their area schools and have programs promoting personal involvement and tutoring. One-third donate books and supplies [see Table 5, p. 11].

The focus of the board seems to have been diverted from takeovers and protective measures. Rather, the board is directing its attention to issues concerning the long-term success of the company.

Companies Encouraging Employees to Become Involved in Area Schools

74%

When asked the most important issues the board currently faces, strategic planning and long-term positioning is the response of 83 percent of the participants. Next in line: enhancing shareholder value, cited by 78 percent. Management succession is next in the order of priorities, chosen by 46 percent. Only 13 percent of responding board chairmen indicate unsolicited hostile takeover attempts are at the top of the agenda [see Table 6, p.11].

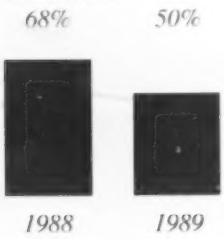
DIRECTOR COMPENSATION AND BENEFITS

In 1989 the total annual cash compensation paid to outside directors who attended all regular board meetings averaged $25,500, a 6.8 percent increase from 1988. Seventy-seven percent of the responding chairmen indicate that outside directors may defer board compensation. Of this group, three-fourths state that directors may defer compensation until retirement from the board [see Table 7, p. 12].

A major change occurred in the awarding of perks. With the exception of stock options, there is a decrease in the percentage of companies giving the listed perquisites to their outside directors [see Table 8, p. 12].

Seventy-seven percent of the respondents indicate their organization has a retirement policy for outside directors. Age only is the basis for retirement in 85 percent of the organizations. A majority (54 percent) have 70 as the mandatory retirement age.

Companies Offering First-class Air Travel to Directors



Almost half (48 percent) of the respondents' organizations provide retirement income to outside directors. The amount is most often determined by length of full board service (84 percent of this group).

Since the Delaware Supreme Court's ruling in the Trans Union case in 1985, the availability and affordability of D&O (directors and officers) liability insurance have been a major concern, impacting companies' ability to attract directors. However, data show that the percentage of respondents experiencing a premium increase and the percentage of the increase are slowing.

One-fifth (21 percent) of the respondents experienced an increase in D&O premiums since last year, a distinct contrast with the 79 percent reporting an increase in 1986 [see Table 9, p. 13].

As to the amount of increase, 56 percent is the average D&O premium increase. This figure represents a dramatic decrease from the average 506 percent increase reported by survey participants in 1986 [see Table 10, p. 13].

TABLES

Table 1 -- Director Population by Race and Sex

	1988	1989
White males	92.2%	82.2%
White females	4.9	6.9
Black males	1.6	2.6
Black females	0.7	3.1
Hispanic males	0.2	0.5
Hispanic females	0.0	2.6
Asian/other males	0.3	2.0
Asian/other females	0.1	0.1

Table 2 -- Occupations of Outside Directors

	1989 *
CEO or COO of another company	93.6%
Retired executive of another company	80.0
Academician	61.9
Retired corporate officer	51.3
Senior executive of another company	49.8
Attorney who does not provide company legal services	31.3
Former government official	28.7
Commercial banker	21.5
Major shareholder (not company officer)	20.8
Investment banker	18.9
Attorney who provides company legal services	16.6
"Professional" director	13.2

*Indicates percentage of chairmen having directors with the listed occupation on their board

Table 3 -- Most Valuable Personality Characteristics of Directors

	1989
Objectivity	71.3%
Intelligence	64.2
Honesty	48.3
Management know-how	41.7
Leadership qualities	22.1
Credibility	20.8
Board knowledge	8.8
Loyalty	7.1
Supportiveness	7.1
Team player abilities	5.8
Assertiveness	2.9
Hard worker	1.3

Table 4 -- Percentage of Outside Directors on Respondents' Boards Holding Stock in the Company

	1989
100%	88.1%
90-99%	2.5
80-89%	4.5
70-79%	1.6
Less than 70%	3.3

Table 5 -- Assistance Provided to Area Schools

	1989
Monetary funding	81.5%
Encourage employees to get involved in area schools	74.0
Personal involvement/tutoring	65.8
Donating books and supplies	34.9
Other	13.0

Table 6 -- Most Important Issues Facing the Board

	1989
Strategic planning and long-term positioning	83.3%
Enhancing shareholder value	78.2
Management succession	45.9
Changing government policies and regulations	32.3
Unsolicited hostile takeover attempts	12.8
Corporate debt	11.3
Financial survival of the firm	10.5
Liability	3.9

Table 7 -- Total Annual Cash Compensation Paid to Outside Directors Attending all Regular Board Meetings *

Year	Average
1989	$25,500
1988	$23,040
1987	$22,000
1986	$20,534
1985	$19,114

* Amount includes annual retainer and full board meeting fees.

Table 8 -- Companies Awarding Perquisites

	1988	1989
Matching gifts	76.8%	57.3%
First-class air travel	68.4	50.0
Travel allowance	64.4	46.2
Travel insurance	61.0	39.2
Accident insurance	36.7	32.3
Life insurance	29.9	24.2
Stock options	13.0	17.7
Travel allowance for spouse	22.0	16.9
Medical insurance	14.7	10.4
Product/service discount	20.9	9.6
No perquisites	13.0	8.1

Table 9 -- Percent of Respondents Reporting an Increase in D&O Liability Insurance Premiums

Year	Percent
1989	21.3%
1988	24.8
1987	62.8
1986	78.5

Table 10 -- Average Percent of D&O Premium Increase

Year	Percent
1989	56
1988	87
1987	219
1986	506

Table 11 -- Composite of Respondents' Boards

The data below are the averages for the categories indicated.

Number of directors of the board:	13
Number of board meetings:	8
Number of board committees:	5
Percentage of respondents' boards having the following formal committees:	
Audit	99.2%
Compensation/Personnel	92.8
Executive	78.9
Nominating	60.4
Finance	42.6
Number of days outside directors spend annually on full-board matters (including preparation, travel, full-board meetings):	12.7

ABOUT HEIDRICK AND STRUGGLES

For more than 37 years, Heidrick and Struggles has devoted its resources exclusively to executive search. This specialization allows its professionals to concentrate their energies on identifying, attracting, and retaining executive talent for client organizations. The firm has more than 150 consultants working together in 25 North American and international offices. Their efforts are supported by a highly trained research staff and a worldwide information database.

Heidrick and Struggles works only with client organizations on a retainer basis. Each search is tailored to meet individual client needs and specifications. The firm's professional integrity is demonstrated by putting client interests before its own. Years of experience have proven that our emphasis on confidentiality builds a lasting client relationship.

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About This Study

In 1989, Heidrick and Struggles, the Healthcare Information and Management Systems Society (HIMSS) of the American Hospital Association, the Center for Healthcare Information Management (CHIM), and Andersen Consulting conducted this survey of health care chief information officers to contribute to a better understanding of leadership in health care today. This is the second of these surveys, the first having been published in 1988. Comparative data between the two studies is included in this report.

Nationwide participants, as identified by HIMSS, have responsibility for the information management function of 265 health care organizations. These institutions have capacities ranging from fewer than 200 beds to more than 1000. Responses were received from 51.7 percent of the sample.

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Organization, Title, and Tenure

Eighty percent of the responding CIOs are employed by not-for-profit organizations. Two years ago, this figure was 71 percent.

According to our findings, a health care CIO is most likely working in an organization with 500-999 beds. More than a third of the respondents (35.8 percent) are on the staff of this size organization. Institutions with more than 999 beds employ 17.2 percent of the respondents. One of five (20.1 percent) CIOs state they work for organizations with 300-399 beds.

One of three (32.6 percent) respondents has "CIO" in their title. One of eight (12.6 percent) reports holding the sole title "Chief Information Officer." This is a noticeable increase over the 6.9 percent reported in 1988. The participants indicated the CIO post has existed at their organization for 4.5 years.

Location

		Type of Institution						
	Total	Independent	Multi-Hospital System	Corporate Restructure	Religious Affiliated	Not-For-Profit	P/P UTH*	P/P ATH**
East	34.4%	41.7%	22.0%	40.6%	26.7%	37.0%	33.3%	20.0%
Midwest	25.0	23.3	28.0	37.5	36.7	27.0	6.7	30.0
South	17.2	15.0	16.0	15.6	10.0	16.0	20.0	20.0
Southwest	7.0	3.3	12.0	0.0	3.3	6.0	6.7	20.0
West	16.4	16.7	22.0	6.3	23.3	14.0	33.3	10.0
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**Publicly/privately owned university teaching hospital*
***Publicly/privately owned affiliated teaching hospital*

Title

		Number of Beds						
	Total	Less than 200	200–299	300–399	400–499	500–999	More than 999	Total 1988
Vice President	30.4%	22.3%	41.7%	29.6%	14.3%	25.4%	43.5%	51.0%
CIO & Other Title*	20.0	11.1	8.3	18.6	35.7	21.3	21.7	NA
Director	23.0	44.4	33.3	25.9	14.3	21.3	17.4	17.6
CIO	12.6	11.1	16.7	7.4	14.3	12.8	13.0	6.9
Associate/Assistant Administrator	3.7	11.1	0.0	0.0	7.1	6.4	0.0	7.8
Senior Vice President	2.2	0.0	0.0	0.0	0.0	4.3	4.4	4.9
Others	8.1	0.0	0.0	18.5	14.3	8.5	0.0	11.8
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**Such as "Vice President and CIO"*

Years Position has Existed

Less than 5	66.9%	83.3%	80.0%	56.0%	78.6%	64.3%	68.4%	66.6%
5–9	22.9	16.7	20.0	28.0	14.3	21.5	31.6	26.7
10–14	3.4	0.0	0.0	4.0	0.0	7.1	0.0	5.6
More than 14	6.8	0.0	0.0	12.0	7.1	7.1	0.0	1.1
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	4.5	2.7	2.9	5.8	3.7	5.0	3.6	3.9

Reporting Structure and Responsibilities

Four of five (82.1 percent) participating CIOs feel they should report to their organization's CEO. However, only three of ten (32.1 percent) actually do. Less than 1 percent feel they should report to their institution's CFO.

One of two (50.7 percent) responding CIOs is on their institution's "Executive Cabinet," a committee that includes the CEO, COO, and CFO. Executives in the West (71.4 percent) and executives with affiliated teaching organizations (80 percent) are most often members.

While none of the CIOs in our study are on their organization's board of trustees, more than half (54.5 percent) are invited to the meetings.

The average number of full-time equivalent employees (FTEs) reporting to our respondents is 70. This average varies according to institution size, ranging from 11 FTEs for CIOs employed by organizations with less than 200 beds to 77 FTEs for CIOs at institutions with more than 999 beds. Most (98.5 percent) of our participants have the information systems function reporting to them. The majority (65.4 percent) oversee the telecommunications function. This is up from the 54 percent response in 1988.

Reporting Structure

		Number of Beds						
	Total	Less than 200	200–299	300–399	400–499	500–999	More than 999	Total 1988
To COO	34.3%	0.0%	25.0%	48.1%	40.0%	35.3%	34.9%	37.2%
To CEO	32.1	55.6	33.3	40.7	40.0	27.1	21.7	34.3
To CFO	25.5	44.4	33.3	11.2	13.3	31.3	21.7	16.7
To Other	8.1	0.0	8.4	0.0	6.7	6.3	21.7	11.8
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Member of Executive Cabinet?

		Number of Beds						
	Total	Less than 200	200–299	300–399	400–499	500–999	More than 999	Total 1988
Yes	50.7%	44.4%	50.0%	63.0%	66.7%	44.7%	43.5%	61.0%
No	49.3	55.6	50.0	37.0	33.3	55.3	56.5	39.0
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Number of FTEs Reporting

		Number of Beds						
	Total	Less than 200	200–299	300–399	400–499	500–999	More than 999	Total 1988
Less than 25	21.9%	88.9%	50.0%	25.0%	6.7%	10.6%	9.1%	17.0%
25–49	20.5	11.1	25.0	25.0	6.7	25.5	18.2	13.0
50–74	19.7	0.0	8.3	16.7	26.6	23.4	22.7	24.0
75–99	15.2	0.0	0.0	12.4	20.0	19.1	22.7	13.0
100–149	12.9	0.0	0.0	16.7	20.0	10.6	18.2	18.0
150–199	6.8	0.0	16.7	4.2	0.0	8.6	9.1	6.0
More than 199	3.0	0.0	0.0	0.0	20.0	2.2	0.0	9.0
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	69.5	10.9	49.8	56.5	75.0	72.7	77.2	68.5

Functions Reporting

		Number of Beds						
	Total	Less than 200	200–299	300–399	400–499	500–999	More than 999	Total 1988
Information Systems	98.5%	100.0%	100.0%	100.0%	100.0%	97.9%	100.0%	98.0%
Telecommunications	65.4	44.4	91.7	63.0	73.3	66.0	60.9	54.0
Management Engineering	30.9	33.3	25.0	40.7	33.3	31.9	17.4	40.0
Medical Records	14.7	0.0	41.7	33.3	26.7	4.3	0.0	16.0
Admitting	10.3	11.1	25.0	22.2	20.0	2.1	0.0	7.0
QA/UR	7.4	0.0	8.3	14.8	20.0	4.3	0.0	8.0
Materials Management	6.6	0.0	8.3	14.8	0.0	4.3	4.3	11.0
Departmental Information Services	6.6	11.1	0.0	3.7	0.0	6.4	13.0	NA
Ancillary Services	5.1	0.0	8.3	7.4	13.3	2.1	4.3	6.0
Marketing/Planning	4.4	0.0	8.3	14.8	0.0	2.1	0.0	6.0
Business Office	3.7	0.0	8.3	3.7	0.0	4.3	0.0	4.0
Others	3.7	0.0	8.3	3.7	0.0	4.3	0.0	18.0

Results do not total to 100% due to multiple responses.

Compensation

The mean annual base salary for participating chief information officers is $77,570 (up 8.9 percent from 1988). CIOs at university-affiliated teaching institutions are the highest paid—an average of $84,930.

Nearly half (42.6 percent) of responding executives received a cash bonus in the last year. For those executives who did receive a bonus, the average was $6,720.

		Number of Beds						
Base Salary	***Total***	Less than 200	200–299	300–399	400–499	500–999	More than 999	Total 1988
Less than $50,000	8.3%	37.5%	27.3%	7.4%	0.0%	4.3%	4.5%	7.3%
$50,000–69,999	25.6	37.5	45.4	51.8	26.6	12.8	4.5	40.6
$70,000–89,999	36.8	25.0	27.3	26.0	46.6	48.8	31.9	41.6
$90,000–109,999	21.0	0.0	0.0	3.7	26.8	27.7	40.9	6.3
$110,000–119,999	3.8	0.0	0.0	3.7	0.0	4.3	9.1	4.2
More than $119,999	4.5	0.0	0.0	7.4	0.0	2.1	9.1	0.0
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	$77,570	$52,020	$60,420	$72,120	$76,470	$82,320	$90,260	$71,230
Cash Bonus								
Less than $5,000	36.6%	75.0%	0.0%	55.6%	37.5%	33.3%	20.0%	37.8%
$5,000–14,999	48.0	0.0	100.0	33.3	50.0	61.1	40.0	43.3
$15,000–24,999	15.4	25.0	0.0	11.1	12.5	5.6	40.0	18.9
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	$6,720	$5,610	$6,200	$4,160	$5,840	$6,730	$10,280	$7,670
Perquisites								
Extra life insurance	54.5%	62.5%	50.0%	56.0%	53.3%	50.0%	60.9%	57.6%
Deferred compensation	39.4	50.0	25.0	28.0	46.7	37.0	52.2	35.4
Automobile allowance	14.4	0.0	8.3	4.0	13.3	19.6	26.1	18.2
Financial counseling	14.4	25.0	8.3	12.0	13.3	15.2	13.0	13.1
Automobile	11.4	0.0	0.0	12.0	6.7	6.5	26.1	13.1
Low-cost loans	7.6	12.5	8.3	0.0	6.7	8.7	13.0	4.0
Town club membership	4.5	0.0	0.0	8.0	0.0	4.3	0.0	4.0
Country club membership	1.5	0.0	0.0	4.0	0.0	2.2	0.0	2.0
Performance shares	0.8	0.0	8.3	0.0	0.0	0.0	0.0	NA
Others	12.1	25.0	8.3	4.0	13.3	19.6	4.3	15.2
None of these	25.0	25.0	33.3	32.0	20.0	23.9	17.4	27.3

Results do not add to 100% due to multiple responses.

Budgets and Information Systems

The average 1989 information systems budget as reported by responding CIOs is $3,175,000. The average 1990 budget is 7 percent higher, $3,398,000.

Four of five (80.3 percent) survey participants say their organization has implemented a methodology for the planning, acquisition, design, and installation of information systems. This is most prevalent in the Midwest, where 87.5 percent report such a program.

Long range systems plans have been developed in the last three years at 78.4 percent of our respondents' organizations. Half of the executives at institutions with less than 200 beds state they have a current long range system plan.

1989 Departmental Budget

		Number of Beds						
	Total	Less than 200	200–299	300–399	400–499	500–999	More than 999	Total 1988
Less than $1,000,000	16.6%	75.0%	45.5%	38.5%	0.0%	0.0%	5.0%	17.0%
$1,000,000–4,999,999	59.1	25.0	54.5	57.7	90.0	70.7	35.0	56.4
$5,000,000–9,999,999	16.5	0.0	0.0	3.8	0.0	22.0	35.0	19.2
More than $9,999,999	7.8	0.0	0.0	0.0	10.0	7.3	25.0	7.4
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	$3,175,000	$553,000	$1,215,000	$1,818,000	$3,586,000	$4,003,000	$4,760,000	$3,800,000

Composite Profile of Participants

The average age of our respondents is 43. Almost two-thirds of them (62.8 percent) are married to their first spouse.

Women account for 10.3 percent of participating executives, a small increase over the 1988 figure of 8.8 percent.

The majority of participants (57.5 percent) have an advanced degree, and 68.9 percent have a background in information systems. An M.B.A. is held by 32.3 percent of respondents, and a master's degree in computer science or systems is held by 5.5 percent.

Education

		Number of Beds						
	Total	Less than 200	200–299	300–399	400–499	500–999	More than 999	Total 1988
Bachelor's degree	36.2%	50.0%	40.0%	32.0%	20.0%	36.4%	50.0%	24.5%
M.B.A.	32.3	12.5	30.0	32.0	59.9	29.6	27.3	31.6
High school diploma	6.3	25.0	10.0	0.0	6.7	6.8	4.5	8.2
Master's, computer science/systems	5.5	0.0	0.0	4.0	0.0	6.8	9.1	6.1
Master's, engineering	5.5	0.0	10.0	8.0	6.7	4.5	0.0	6.1
M.H.A.	1.6	0.0	0.0	8.0	0.0	0.0	0.0	3.1
Other master's	12.6	12.5	10.0	16.0	6.7	15.9	9.1	10.2
Doctorate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.2
M.D.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Primary Functional Background

		Number of Beds						
	Total	Less than 200	200–299	300–399	400–499	500–999	More than 999	Total 1988
Information systems	68.9%	88.9%	54.5%	59.3%	53.2%	76.6%	78.3%	55.0%
Administration/operations	8.9	11.1	18.2	14.8	20.0	2.1	4.3	18.0
Management engineering	7.4	0.0	9.1	7.4	6.7	6.4	8.7	13.0
Finance	6.7	0.0	9.1	11.1	0.0	6.4	8.7	7.0
Engineering/research	1.5	0.0	0.0	3.7	6.7	0.0	0.0	1.0
Nursing	0.7	0.0	0.0	0.0	6.7	0.0	0.0	NA
Other	5.9	0.0	9.1	3.7	6.7	8.5	0.0	5.0
Academe	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Views of Chief Information Officers

The health care chief information officers who responded to our survey indicate leadership ability is the most important attribute needed by today's CIO. This characteristic is also considered the primary factor that has led to their *own* success. Interestingly, vision/imagination is deemed a necessary attribute for *other* CIOs by 79.4 percent of respondents, but only 28.9 percent credit vision with contributing to their *own* success.

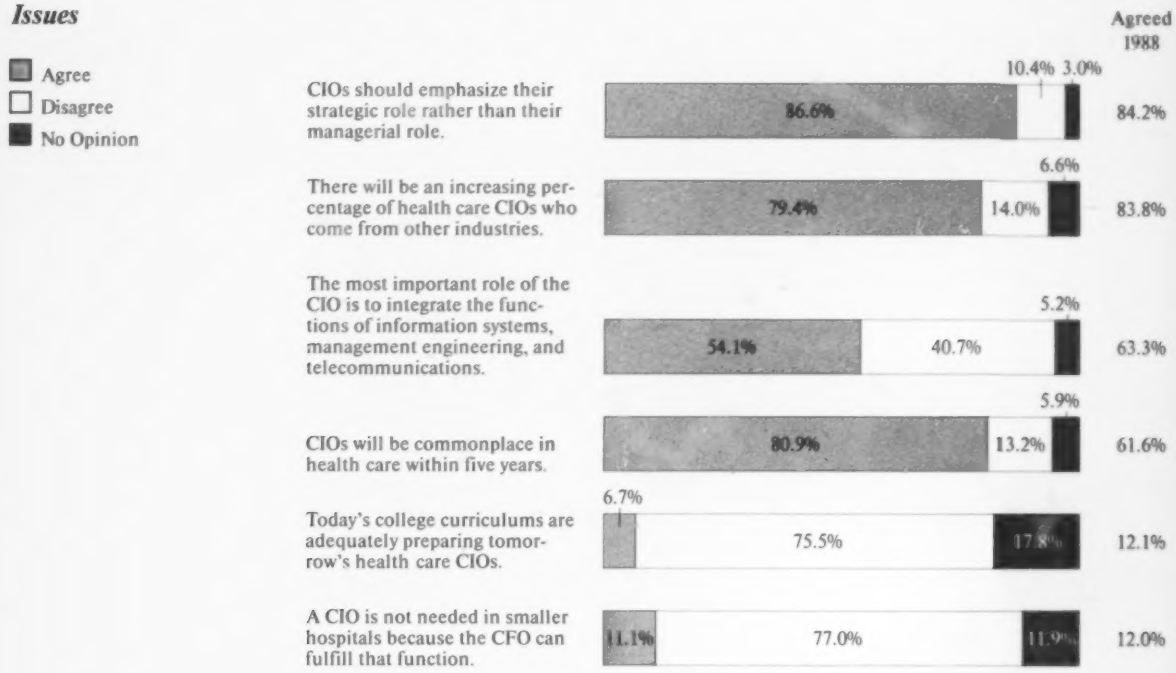
When asked if there will be an increasing percentage of healthcare CIOs who come from other industries, 79.4 percent of our participants say "yes." However, the percentage of respondents whose prior position was outside of health care has decreased from 29 in the 1988 study to 22.6 now.

Attributes Needed for Success

		Number of Beds						
	Total	Less than 200	200–299	300–399	400–499	500–999	More than 999	Total 1988
Leadership ability	83.1%	77.8%	83.3%	88.5%	10.0%	75.0%	82.6%	80.4%
Vision/imagination	79.4	77.8	83.3	65.4	86.7	81.3	87.0	72.2
Business acumen	49.3	22.2	50.0	38.5	60.0	52.1	56.5	44.3
Knowledge of hospital systems	44.1	66.7	25.0	65.4	26.7	52.1	13.0	51.5
Record of success	15.4	11.1	25.0	7.7	6.7	16.7	26.1	13.4
Decisiveness	14.7	22.2	25.0	11.5	13.3	14.6	13.0	16.5
Hard work	6.6	22.2	0.0	11.5	0.0	4.2	8.7	8.2
Technical competence	3.7	0.0	0.0	7.7	0.0	6.3	0.0	14.4
Educational credentials	2.2	0.0	0.0	0.0	6.7	2.1	4.3	2.1
Others	2.2	0.0	0.0	3.8	0.0	2.1	4.3	0.0

Results do not total to 100% due to multiple responses.

Issues



The Future of Health Care Chief Information Officers

The role of chief information officer is still in its infancy when compared to other positions in health care. Respondents indicate that as more organizations recognize the importance of this function, the value of the CIO will increase.

We asked our survey participants how they feel the CIO position will evolve in the 1990's and what characteristics will be necessary. The following are some of their comments:

"The person that can think and talk to administration and physicians will succeed... The person from systems has to be a salesman and use technology to serve the organization..."

"The CIO must evolve to a position of strategist. The technology must be applied to real business problems within the hospital and not managed for the sake of technology."

"Overall vision of health care... will be needed more than 'DP' experience."

"More emphasis on integration of management, technical, and 'people' skills in one position. *Breadth* of experience [is] a must for this position—no new graduates, please!"

"A business savvy leader who can function as a 'champion' of information technology to gain a competitive advantage for the corporation."

"A corporation manages four major assets—money, people, space, and information—these assets should be managed in an integrated function. This is why I believe that the CIO should report to the COO along with human resources and facilities executives."

About Heidrick and Struggles

For 36 years, Heidrick and Struggles has devoted its resources exclusively to executive search. This specialization allows its professionals to concentrate their energies on identifying, attracting, and retaining executive talent for client organizations. The firm has more than 150 consultants working together in 24 North American and international offices. Their efforts are supported by a highly trained research staff and a worldwide information database.

The Heidrick and Struggles Health Care Practice serves the full spectrum of health care services and products. Clients include multi-hospital systems, academic medical centers, pharmaceuticals, diagnostics, physician group practices, and alternative delivery systems. The consultants in this practice have search and industry expertise at the top levels of health care and related fields. Together, they undertook more than 125 executive and senior management health care searches in the last year.

About the Healthcare Information and Management Systems Society

As a personal membership group of the American Hospital Association, the Healthcare Information and Management Systems Society (HIMSS) has been serving health care professionals for more than 20 years. Its 3,500 members are comprised primarily of CIOs, information systems professionals, management engineers, and telecommunications professionals. The society is championing the integration of related information management functions under the direction of health care CIOs.

In 1987, the society formed a CIO Advisory Panel which has been monitoring research and surveys in a number of areas related to the CIO position. This survey represents one of those activities and the results were incorporated into a "Guide to Effective Healthcare Information Management and the Role of the CIO." For further information about the society, its educational programs, and other offerings, contact the HIMSS national office at the AHA (800) 621-6712, extension 6148.

About CHIM

The Center for Healthcare Information Management is an independent "corporate membership" organization whose membership is comprised of firms providing products and services in the field of health care information technology.

CHIM's mission is "to advance the effective utilization of information technology in health care. By fostering the development of educational programs and publications, the CHIM members seek to bring a greater awareness and understanding among health care professionals as to how information technology can be harnessed to improve the quality and cost of health care."

CHIM members support this mission through a number of committees that involve relationships with various professional organizations of the health care industry, included HIMSS, ACHE, and HFMA.

The CHIM office is located in Chicago with Rich Correll heading operations as the CHIM president. For further information, you are invited to contact him at 312/944-5417.

About Andersen Consulting

Andersen Consulting, the management consulting group of Arthur Andersen & Co., S.C., is the largest consulting organization of its kind in the world, with more than 14,000 professionals. Its consulting professionals have a 40-year history of innovation and success in empowering their clients through technology. Andersen Consulting's continued success is the result of the many satisfied clients for whom they have performed a variety of engagements in planning, designing, installing, and supporting information systems.

The leader in systems consulting for the health care industry, Andersen Consulting's clients range from large urban health centers to small, rural facilities, as well as teaching institutions and physician office practices. Andersen Consulting's expertise in systems integration includes integrating multiple applications, integrating multiple vendor hardware and software, and strategic and technical planning. The firm's commitment to the health care industry goes beyond client services, having co-authored three comprehensive studies on the future of health care, monitoring political and regulatory issues impacting the health care industry, and sponsoring the "Hospital of the Future" exhibit at Infomart in Dallas, scheduled to open May 1990.

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